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ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Fifth Committee, upon the request of the Permanent Representative of the Czech and Slovak Federal Republic to the United Nations, the attached correspondence regarding agenda item 124.

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Annex I

Letter dated 28 September 1992 from the Permanent Representative of Czechoslovakia to the United Nations addressed to the Chairman of the Fifth Committee

I have the honour to transmit herewith a copy of the note sent to the Secretary-General on 21 September 1992.

I request that you submit the Czechoslovak request contained in the note for discussion in the Fifth Committee at the forty-seventh session of the General Assembly under agenda item 124.

(Signed) Eduard KUKAN
Ambassador
Permanent Representative

Appendix

Note verbale dated 14 September 1992 from the Permanent Representative of Czechoslovakia to the United Nations addressed to the Secretary-General

The Permanent Representative of the Czech and Slovak Federal Republic presents his compliments to the Secretary-General of the United Nations and, with reference to paragraph 6 in section III of the report of the Fifth Committee entitled "Financing of the United Nations Observer Mission in El Salvador" (document A/46/924 dated 21 May 1992) which requests "the Secretary-General to report to the forty-seventh session of the General Assembly on anomalies in the allocation of countries to the four groups contained in General Assembly resolution 43/323, as adjusted by the Assembly in its resolutions 44/192 B, 45/269 and 46/198 A ...", wishes to draw attention to certain grave facts in connection with the inclusion of the Czech and Slovak Federal Republic in group "b" in the scheme of sharing the costs of the United Nations peace-keeping operations.

1. Czechoslovakia was included in group "b" in 1973 by General Assembly resolution 3101 (XXVIII). Since that time the economic situation in Czechoslovakia has been marked by a number of negative changes.

During the 1980s, the Czechoslovak economy experienced a decline in the efficiency of production, a growing indebtedness and considerable economic losses resulting from the unfavourable development of real exchange rates. The developments at the end of the 1980s have been further complicated by a slower growth of national income, an unfavourable balance of foreign trade and long-term chronic structural problems with unfavourable impacts on the state of the Czechoslovak balance of payments.

2. Czechoslovakia is now passing through the first stage of its economic reform, which is taking place in a complicated situation of a disintegrating market of the former Council for Mutual Economic Assistance, marketing and financial crises of Czechoslovak enterprises and a restrictive policy in the financial and credit fields.

Owing to the complicated internal and external economic situation and the ongoing process of transformation, Czechoslovakia has requested appropriate international monetary institutions as well as a number of countries to grant it financial assistance. Funds needed to offset the deficit in the balance of payments were estimated in 1991 to reach the sum of $2.5 billion from external sources. An additional sum of $1.5 billion has to be added which has become necessary to compensate the negative external influences.

The situation in the past two years has been documented by the following figures: the gross national product in current prices in 1990 represented 811,305 million koruny and in 1991 represented an estimated 977,755 million Kčs. The national income represented in 1990 $38,144,000 and

in 1991 estimated at $27,991,000 when using the exchange rate of 17.95 Kčs/1 United States dollar in 1990 and 29.48 Kčs/1 United States dollar in 1991. The national income per capita in 1990 was $2,435 and in 1991 $1,794.

3. To embellish the true state of the Czechoslovak economy, a complicated system of exchange rates of the Czechoslovak koruna was used until the Czech and Slovak Federal Republic became in 1990 a member of the International Monetary Fund (IMF). While in documents used by the United Nations as a statistical background to determine the Czechoslovak contribution to the regular budget of the United Nations (for instance document A/CN.2/R.544), an exchange rate for the years 1988 and 1989 is stated as 9.3 Kčs/United States dollar and 9.8 Kčs/United States dollar, respectively, IMF quotes in its financial statistics (International Financial Statistics, Yearbook 1991, April 1992) as exchange rates for the same period (period averages) 14.36 Kčs/1 United States dollar and 15.05 Kčs/1 United States dollar. If exchange rates quoted by IMF were used, the calculation of the per capita national income in Czechoslovakia would have been lower than when using the exchange rates presented at that time by the Czechoslovak side.

4. The Czech and Slovak Federal Republic remains to be included in group "b", called "economically developed Member States", and not in group "c" in spite of the fact that its present per capita national income is lower than that of certain others, including European countries, included in group "c".

5. Czechoslovakia has always made efforts to fulfil its financial obligations towards the United Nations in accordance with the Charter of the United Nations. It belongs among the few countries which are paying their contributions to the regular budget of the Organization in time and in full in compliance with the appropriate financial rules of the United Nations. In its payments to the budgets of the United Nations peace-keeping operations, it also strives not to encumber further the already difficult financial situation of the United Nations, although it is not always able to make all the payments on time.

6. The Government of the Czech and Slovak Federal Republic, proceeding from the above-mentioned facts, strives in accordance with the economic reality to reflect the above-mentioned facts also in the size of its contributions to the United Nations peace-keeping operations. This is why it has decided to ask the General Assembly at its forty-seventh session to correct the existing anomaly of including the Czech and Slovak Federal Republic in group "b" in the scheme of financing of peace-keeping operations and to move Czechoslovakia to group "c". The Government of the Czech and Slovak Federal Republic hopes that in view of the above-mentioned facts its request will be given favourable consideration.

Annex II

Letter dated 30 September 1992 from the Under-Secretary-General for Administration and Management addressed to the Permanent Representative of Czechoslovakia to the United Nations

On behalf of the Secretary-General, I would like to thank you for your letter of 14 September 1992 requesting that the attention of the General Assembly be drawn to the anomalies in the allocation of countries to the four groups contained in General Assembly resolution 43/232 and subsequent resolutions, with respect to the Czech and Slovak Federal Republic.

The report of the Secretary-General on the administrative and budgetary aspects of the financing of the United Nations peace-keeping operations will be submitted shortly to the General Assembly and will be considered by the Fifth Committee under agenda item 124. I would like to assure you that in presenting this document to the Fifth Committee the Secretariat will ensure that the Committee is duly informed of the concerns contained in your letter.

(Signed) Dick THORNBURGH
Under-Secretary-General
for Administration and Management